



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-2766
PHONE: (213) 974-8301 FAX: (213) 626-5427

December 4, 2001

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley
Auditor-Controller

SUBJECT: **DEPARTMENT OF HEALTH SERVICES – RANCHO LOS AMIGOS
NATIONAL REHABILITATION CENTER COUNTY-WIDE TIMEKEEPING
AND PAYROLL/PERSONNEL SYSTEM FOLLOW-UP REVIEW**

We have completed a follow-up review of the Department of Health Services – Rancho Los Amigos National Rehabilitation Center's (RLANRC) use of the County-wide Timekeeping and Payroll/Personnel System (CWTAPPS). Our initial audit, completed in February 2000, covered areas such as payroll processing, terminations, bonuses, time and attendance, leave accounting, overtime and data security. Our follow-up review was intended to assess RLANRC's progress in implementing the 19 recommendations from our prior report.

Status of Recommendations

Overall, RLANRC is taking action to implement the recommendations from our prior report and has strengthened its payroll operations by fully implementing 12 of the recommendations. However, two recommendations have not been implemented and five recommendations are partially implemented. RLANRC management needs to continue monitoring to ensure that all the recommendations are implemented and remain implemented.

The status of the two not implemented and the five partially implemented recommendations is discussed below.

Recommendation #5

RLANRC management establish procedures and monitor to ensure bonus transactions are entered into CWTAPPS by the Auditor-Controller deadlines.

Current Status: PARTIALLY IMPLEMENTED

Currently, RLANRC has a seven-step bonus approval process. To expedite bonus information into CWTAPPS, RLANRC management is developing a system to approve and forward bonus documents on-line. Until the system is fully implemented, RLANRC will develop procedures to ensure bonus transactions are entered into CWTAPPS timely.

Recommendation #11

RLANRC management ensure payoffs are conducted at least twice a year at all locations by individuals with no payroll or personnel responsibilities.

Current Status: PARTIALLY IMPLEMENTED

County Fiscal Manual Section 3.1.11 requires semi-annual payoffs, where payroll warrants and notices of direct deposit are released to employees only after each employee has shown proper identification and has signed for the warrant/notice. This control helps ensure all employees are bona fide. Our initial review found that RLANRC did not perform this function. RLANRC subsequently assigned this responsibility to its Finance Section. We noted that the Finance Section has not conducted a payoff since August 2000. RLANRC needs to ensure full compliance with this recommendation.

Recommendation #12

RLANRC management ensure that staff independent of personnel/payroll functions verifies that written approval exists for each supplemental warrant listed on the CWPAY Report of Supplemental Payroll Warrants Issued.

Current Status: NOT IMPLEMENTED

Currently, payroll clerks, who are not independent of payroll/personnel functions, verify the validity of each supplemental warrant listed on the Report of Supplemental Warrants Issued. RLANRC management needs to ensure full compliance with this recommendation.

Recommendation #13

RLANRC management ensure that correct leave codes are used while employees are on extended sick leave.

Current Status: PARTIALLY IMPLEMENTED

RLANRC management stated that they now perform post audits to ensure that employees, including those on extended sick leave, are coded correctly in CWTAPPS.

A post audit consists of a review performed by staff independent of the person that initially entered the information in CWTAPPS. We found that RLANRC does not consistently perform post audits for employees on extended leave. As a result, we noted two (29%) of seven employees sampled were coded improperly. This resulted in total overpayments of \$80 and incorrect leave balances. RLANRC management still needs to ensure continuous sick leave codes are properly utilized and recorded in CWTAPPS.

Recommendation #14

RLANRC management ensure overtime worked is pre-approved. In emergencies, the approval should be obtained as soon as possible after the overtime is worked.

Current Status: NOT IMPLEMENTED

DHS has overtime guidelines, which comply with County Code and Memorandum of Understanding (MOU) provisions. All overtime worked must be pre-approved by the Department head or designee. RLANRC delegates pre-approval of overtime to lower level management.

However, we reviewed 124 overtime days worked and found that 103 (83%) days were not approved until the end of the pay period. On average, overtime was approved 32 days after the overtime was worked. RLANRC management needs to ensure that overtime is pre-approved. In emergencies, the approval should be obtained as soon as possible after the overtime is worked.

Recommendation #17

Current Status: PARTIALLY IMPLEMENTED

RLANRC management periodically review employees' profile assignments for appropriateness. Employees who no longer require CWTAPPS access should be deleted from the system.

Although RLANRC periodically reviews employees' profile assignments for appropriateness, we continue to find employees with inappropriate CWTAPPS access. For example, three employees have profiles that allow them to change personnel and payroll information, but their job duties only require them to view personnel and/or payroll data. In addition, three employees have had CWTAPPS access for at least a year, but have never logged onto the system. To strengthen security controls, RLANRC management needs to ensure it thoroughly reviews employees' CWTAPPS access for appropriateness. Employees who no longer require access should be deleted from the system.

Recommendation #18

RLANRC management utilize processing centers so that staff do not have access to their own personnel/payroll information on CWTAPPS.

Current Status: PARTIALLY IMPLEMENTED

Our initial review indicated that RLANRC had only one processing center. Currently, RLANRC has four processing centers and is setting up these centers to prevent payroll and personnel staff from accessing their own payroll/personnel information on CWTAPPS.

Review of Report

We discussed our report with RLANRC management and provided the Department with a listing of overpayments and underpayments so it can investigate and take appropriate actions. The Department's attached response indicates that it is taking steps to ensure that all recommendations are implemented.

We would like to thank RLANRC management and staff for their cooperation and assistance during our audit. If you have any questions, please call me or have your staff contact DeWitt Roberts at (213) 974-0301.

JTM:JS:DR

c: David E. Janssen, Chief Administrative Officer
Violet Varona-Lukens, Executive Office, Board of Supervisors
Department of Health Services
Fred Leaf, Acting Director
Sachi Hamai, Inspection & Audit Division
Consuelo Diaz, Administrator, RLANRC
Public Information Office
Audit Committee (6)



FRED LEAF, Acting Director

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

BOARD OF SUPERVISORS

Gloria Molina
First District

Yvonne Brathwaite Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

November 20, 2001

TO: J. Tyler McCauley
Auditor-Controller

FROM: Fred Leaf
Acting Director

SUBJECT: **CWTAPPS FOLLOW-UP REVIEW/RANCHO LOS AMIGOS
NATIONAL REHABILITATION CENTER (RLANRC)**

This is in response to your October 17, 2001 memo requesting intended actions and implementation target dates on Auditor-Controller recommendations from its July 2001 RLANRC CWTAPPS Utilization Review follow-up audit.

To date, the status of the recommendations is as follows:

Recommendation No. 5

RLANRC management establish procedures and monitor to ensure bonus transactions are entered into CWTAPPS by the Auditor-Controller deadlines.

Action Taken:

RLANRC is in the process of implementing a pilot program whereby Personnel Action Requests (PAR), including those for bonus approval, can be electronically processed through its Intranet system. Until the pilot system is tested for security and is subsequently fully implemented, the Office of Human Resources will hold individual RLANRC departments accountable to the timely submittal of PAR's per RLANRC and Departmental policies.

Recommendation No. 11

RLANRC management ensure payoffs are conducted at least twice a year at all locations by individuals with no payroll or personnel responsibilities.

Action Taken:

RLANRC has assigned this function to its Finance Section. RLANRC has conducted one payroll payoff audit. Consequently, all procedures are in place to conduct the semi-annual payroll payoff audit. RLANRC Finance staff will ensure audits are conducted in accordance with Auditor-Controller guidelines and performed semi-

annually.

Recommendation No. 12

RLANRC management ensure that staff independent of personnel/payroll functions, verify the validity of each supplemental warrant listed on the Report of Supplemental Warrants Issued. RLANRC management needs to ensure full compliance with this recommendation.

Action Taken:

RLANRC has assigned this function to its Finance Section. The RLANRC Payroll Manager will inform Finance at a minimum of once a month, of supplemental warrants to be distributed. A "null" report will be sent to Finance for each month there have been no supplemental warrants.

Recommendation No. 13

RLANRC management ensure that correct leave codes are used while employees are on extended sick leave.

Action Taken:

The RLANRC Payroll Manager will ensure that consistent post-audits will be conducted for each pay period for all employees. Procedures for this function have been reviewed to ensure they meet Auditor-Controller Fiscal Manual standards. Also, reminder notices on the correct completion of time cards have been distributed to all employees with their Pay Warrants or Notices of Direct Deposit for the past three months.

Recommendation No. 14

RLANRC management ensure that overtime worked is pre-approved. In emergencies, the approval should be obtained as soon as possible after the overtime is worked.

Action Taken:

RLANRC will ensure that overtime is pre-approved through enforcement of RLANRC and Departmental overtime policies. RLANRC managers have all been formally informed and/or reminded of the need to have overtime pre-approved except in emergency situations, and that overtime authorization forms must be submitted in a timely manner following emergency overtime worked.

Recommendation No. 17

RLANRC management periodically review employees' profile assignments for appropriateness. Employees who no longer require CWTAPPS access should be deleted from the system.

Action Taken:

RLANRC has sent CWTAPPS deletion request forms for staff no longer requiring access, to the Department of Health Services Corporate Office of Human Resources Management (DHS-COHRM) for processing. CWTAPPS access for one of the employees noted by an auditor, ended automatically on October 10, 2001 when that employee transferred out of RLANRC.

Only one auditor-noted employee was left in the system; this Human Resources employee serves in a backup capacity for termination processing, and will herein play a more active role in this function in order to keep CWTAPPS access status current.

Recommendation No. 18

RLANRC management utilize processing centers so that staff do not have access to their own personnel/payroll information on CWTAPPS.

RLANRC has sent the required CWTAPPS User Enrollment forms to DHS-COHRM for approval; DHS-COHRM will then forward the forms to the Auditor-Controller for final implementation. The RLANRC Office of Human Resources will follow up with DHS-COHRM weekly until this recommendation has been fully implemented.

If you have any questions or require additional information, please let me know.

SH:gm

c: Fred Leaf